

reporting credit union to make such declaration, that the report and related financial statements are true and correct to the best of their knowledge and belief and present fairly the financial position and the results of operations for the period covered.

(e) Upon written application by the board of directors of a Federal credit union, the Board may waive, in whole or in part, the requirement for the maintenance of the valuation allowance for loan losses in amounts which are in excess of the statutory requirements of section 116 of the Federal Credit Union Act but are required under paragraph (c)(3)(ii) of this section. Such application shall set forth the justification for the requested waiver and shall be addressed to the appropriate Regional Director.

[40 FR 8069, Feb. 25, 1975, as amended at 47 FR 1371, Jan. 13, 1982; 54 FR 48235, Nov. 22, 1989; 57 FR 60722, Dec. 22, 1992]

## PART 703—INVESTMENT AND DEPOSIT ACTIVITIES

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AUTHORITY: 12 U.S.C. 1757(7), 1757(8), 1757(15).

SOURCE: 62 FR 33001, June 18, 1997, unless otherwise noted.

### § 703.10 What does this part 703 cover?

This part 703 interprets several of the provisions of Sections 107(7), 107(8), and 107(15) (B) and (C) of the Federal Credit Union Act ("Act"), 12 U.S.C. 1757(7), 1757(8), 1757(15) (B) and (C), which list those securities, deposits, and other obligations in which a federal credit union ("you") may invest.

### § 703.20 What does this part 703 not cover?

This part 703 does not apply to:

- (a) Investment in loans to members and related activities, which is governed by §§ 701.21, 701.22, and 701.23 of this chapter;
- (b) The purchase of real estate-secured loans pursuant to Section 107(15)(A) of the Act, which is governed by § 701.23 of this chapter;
- (c) Investment in credit union service organizations, which is governed by § 701.27 of this chapter;
- (d) Investment in fixed assets, which is governed by § 701.36 of this chapter;
- (e) Investment by corporate credit unions, which is governed by part 704 of this chapter; or
- (f) Investment activity by state-chartered credit unions, except as provided in § 741.3(a)(3) of this chapter.

### § 703.30 What are the responsibilities of my (a federal credit union's) board of directors?

Your (a federal credit union's) board of directors must establish a written investment policy that is consistent with the Act, this part, and other applicable laws and regulations. The investment policy may be part of a broader, asset-liability management policy. Your board must review the policy at least annually. The policy must address the following items:

- (a) The purposes and objectives of your investment activities.
- (b) The characteristics of the investments you may make. The characteristics of an investment are such things as its issuer, maturity, index, cap, floor, coupon rate, coupon formula, call